

# Exhibit 6

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1 IN THE UNITED STATES DISTRICT COURT  
2 FOR THE NORTHERN DISTRICT OF CALIFORNIA  
3 UNLIMITED JURISDICTION

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7 PHILIP WONG and FREDERIC CHAUSSY, )  
individually, on behalf of others )  
8 similarly situated, and on behalf )  
of the general public, )

9 )  
Plaintiff(s), )

10 )  
vs. )CASE: 07-cv-2446 MMC

11 )  
HSBC Mortgage Corporation (USA); )  
12 HSBC Bank USA, N.A.; HSBC )  
Holdings, Inc.; and DOES 1 )  
13 through 50, inclusive, )

14 Defendant(s). )

15 )

16

17 DEPOSITION OF  
18 JEFFREY NEEDHAM

19

20 \_\_\_\_\_  
June 5, 2008

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22

23 REPORTER: SHAARON M. SHIGIO, CSR # 12286 JOB 6911

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1       You, Jeffrey Needham, are not personally in a  
2 position to testify as to where physically your loan  
3 officers are conducting their business?

4       A. I think they're conducting their business at  
5 all the places I mentioned above and others.

6       Q. You are not in a position to testify as to how  
7 many hours loan officers spend at any given place doing  
8 business, correct?

9       MR. TICHY: I believe he's already answered  
10 your question, but --

11       MR. SCHWARTZ: He hasn't.

12       MR. TICHY: Okay.

13       THE WITNESS: My expectations for loan  
14 officers is that they are originating and closing  
15 loans. That's what the expectation is.

16       MR. SCHWARTZ: I understand, but I'm asking  
17 you to answer --

18       THE WITNESS: Well, let me finish.

19       Q. -- a question straightforwardly. That's  
20 nonresponsive to my question. You need to answer my  
21 question.

22       A. Okay.

23       Q. My question is: Are you, Jeffrey Needham, in  
24 a position to state how many hours loan officers are  
25 spending in any particular location doing their

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1 business?

2 MR. TICHY: Okay. Now, again, it's asked and  
3 answered, but go ahead and respond as best you can.

4 THE WITNESS: Again, I know for a fact that  
5 loan officers are conducting business in all those  
6 places that I mentioned, as well as others. That's  
7 what I know, Jeffrey Needham.

8 MR. SCHWARTZ: Q. But, yourself, you don't  
9 know how much time they're spending at any particular  
10 location?

11 THE WITNESS: I don't know how much time  
12 they're spending at Starbucks versus meeting consumers  
13 versus the Coldwell Banker office that they have a  
14 relationship with versus their attorney's office who is  
15 introducing them to clients versus the borrower's home.  
16 Again, they're spending time at all those locations and  
17 others getting introduced to and meeting customers.

18 Q. So you don't know how much time any particular  
19 loan officer spends at a HSBC branch versus any of the  
20 locations you mentioned versus in their home office,  
21 correct?

22 A. At any given time, I don't know where a -- any  
23 specific loan officer is conducting their business.

24 Q. So if we wanted to know where, physically,  
25 loan officers are spending their time, how many hours

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1 they're spending in different areas, we'd have to talk  
2 to the loan officers?

3 A. I would say that the -- the -- the management  
4 level above the loan officers should have some idea as  
5 to where the loan officer is in regards to originating  
6 their transactions and the types of referral sources  
7 that they're using and the time that they're spending  
8 with those.

9 So in a general sense, I would say that  
10 individual loan officer's manager should have some  
11 idea, yes.

12 Q. Okay. But you, personally, you are not in a  
13 position to testify as to how much time loan officers  
14 are spending at any of the different locations, from  
15 HSBC facilities to home offices to outside areas; is  
16 that right?

17 A. Me, personally? Do I know where the loan  
18 officers are at any given day, conducting their  
19 business, whether they're working from 8:00 to 5:00 or  
20 from 12:00 to six or -- and at what specific locations,  
21 I do not know.

22 Q. And you can't testify as to, you know, across  
23 all the loan officers under your supervision, how much  
24 time they spend working at HSBC facilities versus  
25 working at their home office versus working at some

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1 other location?

2 MR. TICHY: Again, are you talking about the  
3 mortgage company?

4 MR. SCHWARTZ: No, I'm not.

5 MR. TICHY: What are you talking about?

6 MR. SCHWARTZ: I'm talking about HSBC  
7 facilities.

8 MR. TICHY: If you're able to answer that  
9 question, please do but --

10 (Record read.)

11 MR. TICHY: Again, asked and answered.

12 THE WITNESS: Again, my expectations of loan  
13 officer is they're out originating loans. They're  
14 outside salespeople originating sale transactions, and  
15 whether they're spending their time at an HSBC loan  
16 production -- Mortgage Corp. loan production office or  
17 a Coldwell Banker officer or they happen to be spending  
18 some time at an HSBC Bank branch facility, I cannot  
19 attest to any specific knowledge of exact time for  
20 those outside salespeople as to where they are at any  
21 given time and/or what they're, you know -- what  
22 referral sources they're visiting and/or consumers  
23 they're visiting.

24 MR. SCHWARTZ: Q. Okay. I'm not asking for  
25 an exact figure, but your -- my understanding from your

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1 testimony, correct or incorrect -- I'm asking you, true  
2 or false, loan officers -- you cannot testify as to,  
3 generally, across all of the loan officers you  
4 supervise, what percentage of the time they're spending  
5 working for a home office or from a HSBC facility of  
6 any kind or from some outside customer site?

7 MR. TICHY: Objection; asked and answered.

8 MR. SCHWARTZ: Not answered.

9 MR. TICHY: Excuse me.

10 MR. SCHWARTZ: His answer was nonresponsive.

11 MR. TICHY: Excuse me. Excuse me. It is  
12 answered. I'm advising you not to respond further.  
13 Move on.

14 MR. SCHWARTZ: Q. Okay. What percentage of  
15 the time do loan officers that you supervise spend  
16 working from their home offices?

17 MR. TICHY: Again, I believe he's answered  
18 but, you know, that is a different question, and I will  
19 let you respond whatever way you want.

20 THE WITNESS: You know, any individual loan  
21 officer, again, as I've stated is sourcing their  
22 business based on their business plan, based on where  
23 they can generate new leads, close transactions.

24 MR. SCHWARTZ: I need you to answer my  
25 question. I'm not asking about sources of business.

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1 THE WITNESS: If you could --

2 MR. SCHWARTZ: No, I need you to answer my  
3 question.

4 MR. TICHY: Excuse me. Let him finish.

5 MR. SCHWARTZ: I do not need to let him finish  
6 if he's not being responsive.

7 MR. TICHY: Excuse me. You do.

8 MR. SCHWARTZ: I most certainly do not.

9 MR. TICHY: Okay. Excuse me. Are you  
10 finished with your answer?

11 THE WITNESS: I was not.

12 MR. TICHY: Okay. Then finish it.

13 MR. SCHWARTZ: Okay. No, I'm going to ask you  
14 the question --

15 MR. TICHY: Are you withdrawing your question?

16 MR. SCHWARTZ: I'm going to re-ask my question  
17 and anticipate an answer that's responsive.

18 MR. TICHY: Okay. So you're withdrawing and  
19 asking a new question.

20 MR. SCHWARTZ: Q. My question is the same,  
21 which is: What percentage of time is a loan officer  
22 spending physically, all the loan officers under your  
23 supervision, are they spending physically working from  
24 home offices?

25 MR. TICHY: Okay. Now I have the same



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1 objections, but you are free to answer this yet again.

2 If -- and if you're able to answer this specific

3 question differently, please do.

4 THE WITNESS: Any individual loan officer

5 is -- is a -- has a specific situation as to their

6 business that they're conducting. So whether they're

7 in California or New York or Florida or within

8 California itself, again, they can be spending time at

9 a Realtor's office, at an HSBC Bank branch, at a

10 Mortgage Corporation loan production office, at their

11 home office and their car on the phone as outside

12 salespeople.

13 I don't know how much time they're spending at

14 any given location, and it's going to be different for

15 any individual loan officer.

16 Q. Okay. So your answer is: You don't know how

17 much time a loan officer is spending at any given

18 location.

19 Is there any evidence that you're aware of

20 that would document how much time loan officers are

21 spending at any given location?

22 A. There's no evidence, necessarily, that I'm

23 aware of, you know, I do know that, you know, in

24 certain markets, in certain regions, say, in -- in the

25 Bay Area specifically, there's, you know, schedules or

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1 calendars that are produced to provide Mortgage  
2 Corporation loan officers with, you know -- you know,  
3 some indication as to where they will be or won't be  
4 for any given point in time for that individual  
5 manager.

6 And I've seen individual loan officers provide  
7 schedules throughout the day that, you know, I'm  
8 meeting with a Realtor in Marin County. I'm meeting  
9 with a CPA for lunch in San Francisco, and you can call  
10 me on my cell phone if you need me.

11 Q. So the best way to learn where the loan  
12 officers are spending their time, on any given day,  
13 would be to review their e-mail records; is that true?

14 MR. TICHY: Objection; that calls for a  
15 conclusion. It's also argumentative.

16 THE WITNESS: Yeah, and I don't know if I --  
17 while that may apply to one particular loan officer, it  
18 may not apply to all particular loan officers, so I  
19 wouldn't say that that would be the best indication if  
20 you're using it in the broad sense. That might provide  
21 an indication for one particular loan officer, but not  
22 necessarily for all loan officers.

23 MR. SCHWARTZ: Q. Which particular loan  
24 officer?

25 THE WITNESS: I'm not speaking of any specific

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1 loan officer per se. Just, in general, a certain loan  
2 officer may document where they are with an e-mail.  
3 They may have it on a calendar. I don't know.  
4 Q. So we would have to review the e-mail records  
5 of the loan officers to see if there are any e-mails to  
6 document where they spend their time on any particular  
7 day; is that true?

8 MR. TICHY: Again, that calls for a  
9 conclusion. Again, that's argumentative. If you're  
10 able to answer, you can answer.

11 THE WITNESS: I don't know the answer to that.

12 MR. SCHWARTZ: Q. Well, you suggested it. I  
13 mean, you suggested looking at the e-mails, that might  
14 indicate where loan officers are.

15 THE WITNESS: No. All I suggested is that  
16 a -- a -- a -- a particular loan officer may document  
17 to their manager where they are via e-mail. They may  
18 simply leave a voice mail message as well as to where  
19 they are. They may have a calendar that they keep as  
20 to where they are, so that's all I suggested.

21 Q. So other than looking at e-mails and calendars  
22 and talking to the loan officers and their direct  
23 managers, are you aware of any other way to ascertain  
24 what percentage of the time loan officers spend working  
25 in -- at their home office or an HSBC office or

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1 The time is 1:59. Please begin.

2 MR. SCHWARTZ: Q. Are you aware of any  
3 training that's been provided to loan officers on the  
4 difference between outside sales and inside sales?

5 MR. TICHY: Read the question back, please.

6 MR. SCHWARTZ: Are you aware of any training  
7 that's been provided to the loan officers on the  
8 difference between outside sales and inside sales?

9 THE WITNESS: All of our sales staff goes  
10 through high trust sales training, and a focus on high  
11 trust sales training is partnership building,  
12 relationship building.

13 You know, can I say that there is a specific  
14 difference between inside and outside training that  
15 anybody's gone through? I don't know if that's the  
16 case, but, again, I think it's -- it's common  
17 knowledge, generally speaking, that, you know -- that  
18 people know the difference between outside and inside  
19 sales.

20 Q. What's the basis of your statement that it's  
21 common knowledge that people know the difference  
22 between outside and inside sales?

23 A. Standard intelligence.

24 Q. Other than standard intelligence, do you have  
25 any other indication that it's common knowledge the

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1 difference between outside and inside sales?

2 MR. TICHY: Again -- okay. Go ahead.

3 THE WITNESS: Yeah, I -- other than common  
4 knowledge, the -- an expectation that someone would  
5 understand what outside and inside would mean or that  
6 they can decipher as to what the requirements of their  
7 position are and what it takes to accomplish, you know,  
8 those requirements and goals.

9 Again, I think it's reasonable to assume that  
10 most people know the difference between inside and  
11 outside.

12 MR. SCHWARTZ: Q. Have you been engaged in  
13 any discussion at HSBC with any HSBC employee, of any  
14 of the HSBC entities, about the difference between  
15 inside and outside sales?

16 MR. TICHY: Objection; hearsay. May be  
17 attorney-client privilege. Frankly, it seems like it's  
18 outside the scope of the complaint, but....

19 THE WITNESS: Engaged in any discussions with  
20 anybody anywhere at any time regarding the difference  
21 between inside and outside sales?

22 MR. SCHWARTZ: Yeah, any HSBC employee; that's  
23 right.

24 THE WITNESS: You know, I -- I -- I don't  
25 recall any specific discussions, but that's not to say

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1 any other desk space that you rent for your loan  
2 officers in Fremont?

3 A. I don't know if they did at some point in the  
4 past. Since I've taken over, I don't believe so, no.

5 MR. SCHWARTZ: Take a look at Exhibit Number 9  
6 of the deposition pages NKA 2522 and 2523. It's an  
7 e-mail from Amy Ku of September 11th, 2006 which  
8 mentioned Mr. Needham.

9 [Whereupon, Deposition Exhibit 9, an  
10 E-mail dated 9/11/2006, was marked for  
11 identification.]

12 MR. SCHWARTZ: Q. Mr. Needham, looking at the  
13 bottom of this e-mail where it talks about the process  
14 flow for pricing exceptions and the process for product  
15 and pricing exceptions, do you see that?

16 THE WITNESS: I do.

17 Q. Okay. It also mentions your name above that  
18 in the summary of domestic private banking initiative  
19 in California. Do you see that?

20 A. I do.

21 Q. Now a loan officer working under Amy Ku, if  
22 they wanted to give a pricing exception, they needed to  
23 go through yourself and Brian Gregson, correct?

24 A. When you say pricing exception, that's a very  
25 broad term. Are you speaking specifically to this

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1 domestic private bank initiative in California?

2 Q. I'm referring to the circumstances described  
3 here in this document, "Process Flow For Pricing  
4 Exceptions."

5 A. Specifically to this document?

6 Q. Well, is there some different process flow for  
7 some other kind of pricing exception?

8 A. Yeah, there may very well be.

9 Q. May very well be. I'm asking you about  
10 reality, not hypothetical. Is there any process flow  
11 other than the process flow described here in this --  
12 in this document that relates to pricing exceptions?

13 A. This process flow is specifically describing  
14 the domestic private bank initiative for California and  
15 that only.

16 Q. I see. And just -- in layman's terms, what  
17 was the domestic private banking initiative in  
18 California?

19 A. The initiative was to take the bank -- HSBC  
20 Bank USA from a referral perspective and try to use  
21 that referral source to grow mortgage production.

22 Q. And how was that to be done?

23 A. The mortgage company set aside this program  
24 specific to California to try to capture that referral  
25 business.

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1 Q. And if -- so if somebody -- if a loan officer  
2 wanted to make a pricing exception for a loan that they  
3 originated through the bank in California, and you've  
4 already testified that the bank was your primary  
5 referral source in California since you became division  
6 manager, they needed to obtain -- the loan officer  
7 needed to obtain approval from -- well, they had to go  
8 to the regional manager, and then she had to obtain  
9 approval for that exception both from yourself and from  
10 the bank district manager; is that right?

11 MR. TICHY: Objection; the record of this  
12 deposition will speak for itself as to what he  
13 testified. I believe there is a question, however,  
14 which is specific and you can answer that.

15 THE WITNESS: The -- the process, as  
16 defined -- what this program was trying to do, again,  
17 was to capture those transactions coming from the HSBC  
18 Bank USA to HSBC Mortgage Corp. (USA) from a referral  
19 perspective to try to capture those transactions by  
20 Mortgage Corp.

21 So in order to identify, to ensure we were  
22 giving a pricing exception to the -- to those referred  
23 transactions, they needed to be authorized by myself  
24 and Brian Gregson.

25 Q. Right. So if -- if a loan officer wanted to



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1 do anything different in the standard policy in terms  
2 of the pricing of a loan that they wanted to sell to  
3 any referral from the bank, they had to go through both  
4 you and the regional manager of the bank, correct?

5 A. I'm not sure his title is regional manager.

6 Q. Mr. Gregson?

7 A. Yes, there had to be an authorization from  
8 Brian Gregson and myself.

9 Q. I believe according to Exhibit 2,  
10 Mr. Gregson's title is actually Senior Vice President,  
11 District Executive California Region.

12 Does the district executive have to approve  
13 other -- for the HSBC Bank USA, N.A. have to approve  
14 other transactions by your loan officers?

15 A. That's a very broad question. The -- again,  
16 this process was specific to this initiative. So  
17 generally speaking, outside of this initiative, no.

18 Q. So this is the only initiative, domestic  
19 private banking initiative in California, is the only  
20 initiative in which HSBC Bank USA, N.A. managers need  
21 to approve any -- any work done by your loan officers?

22 A. Again, I don't know what you mean by "work  
23 done." As far as pricing exceptions, as related to  
24 mortgage transactions, yes, this was a specific  
25 initiative that required both my approval and Brian's

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1 MR. TICHY: If you know a range, you're free

2 to give it to him. If you don't know a range --

3 THE WITNESS: I would say the range is between

4 \$500,000 and a million dollars on a monthly basis.

5 MR. SCHWARTZ: Q. That's your minimum

6 production threshold for 2008 for loan officers?

7 THE WITNESS: Yes.

8 Q. And what was your minimum production threshold

9 for 2007 for loan officer?

10 A. I would say it was within that same range.

11 Q. What was your minimum production threshold for

12 2006 for loan officers?

13 A. Again, I would say it was probably in that

14 same range.

15 Q. And does Mr. Gates set goals nationwide as to

16 minimum production thresholds that he expects from his

17 division managers like you?

18 A. The minimum production thresholds are really

19 developed through the Mortgage Corporation's accounting

20 and finance group based on expenses within a division

21 and/or region relative to production and product type.

22 So there's a number of variables that go into

23 making that minimum production threshold. You know,

24 basically, it's based on the number of employees within

25 the division as well.

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1 So, I mean, to give you an example, I'm sure  
2 you have a dollar amount that you're supposed to  
3 generate as an attorney within this firm in order for  
4 the firm to be profitable. So we've got the same type  
5 of experience where it could vary by division.

6 I'm not sure if Mr. Gates specifically sets  
7 that himself. I believe, again, it's developed through  
8 the finance group of Mortgage Corporation relative to  
9 the expenses within any individual division or region.

10 Q. Where is the financial group of Mortgage  
11 Corporation?

12 A. It's based at the Mortgage Corporation's  
13 headquarter in Depew, New York.

14 Q. And who, specifically, if you know within  
15 Mortgage Corporation's finance operations sets the --  
16 the productivity goals nationwide?

17 MR. TICHY: Objection. Again, that's vague.  
18 If you're asking for 2008, there's a person, maybe you  
19 can identify it if you can. Vague.

20 THE WITNESS: Again, there's a number of  
21 people that work within Mortgage Corporation's finance  
22 and accounting group. I don't know, specifically, who  
23 generates the report to come up with the number. I  
24 can't give you a name for that. I don't know.

25 MR. SCHWARTZ: Q. Who is the manager of that

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1 CERTIFICATE OF REPORTER

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3 I, SHAARON M. SHIGIO, a Certified Shorthand  
4 Reporter, hereby certify that the witness in the  
5 foregoing deposition was by me duly sworn to tell the  
6 truth, the whole truth and nothing but the truth in the  
7 within-entitled cause;

8 That said deposition was taken down in shorthand  
9 by me, a disinterested person, at the time and place  
10 therein stated, and that the testimony of the said  
11 witness was thereafter reduced to typewriting, by  
12 computer, under my direction and supervision;

13 That before completion of the deposition, review  
14 of the transcript {X} was { } was not requested. If  
15 requested, any changes made by the deponent (and  
16 provided to the reporter) during that period allowed  
17 are appended hereto.

18 I further certify that I am not of counsel or  
19 attorney for either or any of the parties to the said  
20 deposition, nor in any way interested in the events of  
21 this cause, and that I am not related to any of the  
22 parties thereto.

23 DATED:

24

25 Shaaron M. Shigio, CSR #12286